(e) whether the Centre has now taken a final decision to utilise this amount for purchase of weapons during 2003; and

(f) if so, to what extent weapon deals have been finalised by now?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) to (f)The report in the Economic Times dated 23rd December, 2002 captioned "Rs. 3,000 cr. kept for weapons lying unutilised" appears to be based on the 18th Report of the Standing Committee on Defence laid in Rajya Sabha on 17th December, 2002. In the said Report, the Committee had commented upon the reduction of Rs. 3000 cr. made in the Capital expenditure in the Revised Estimates for the year 2001 -2002. The funds allocated during 2001 -2002 could not be utilised fully due to non-fructification of certain major schemes as all the necessary stages like technical evaluation/trials, finalisation of prices and contractual terms and payments as per terms of contracts etc. could not be completed. All these stages cannot be unilaterally completed by the Government.

All efforts are being made by the Government to utilise the allocated funds and new procurement structures have been established with a view to speeding up the procurement process.

Transparency in defence deals

†109. SHRI RK. MAHESHWARI: Will the Minister of DEFENCE be pleased to state:

(a) the steps taken to bring transparency in defence deals after the revelation of facts in the film made by the tehelka. com on alleged kickoff in the defence deals;

(b) the details of the new policy made to check the kickoffs in defence deals;

(c) to what extent the said new policy has been successful; and

(d) the number of defence deals in which this new policy has been implemented?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) to (d) In order to bring greater transparency to the whole procurement

†Original notice of the question was received in Hindi.

process and realising that the presence of an Authorised Representatives/ Agent would improve the delivery of services and follow up post contractual obligations, the Ministry of Defence have, on 2nd November 2001, issued Supplementary Instructions on the appointment of Indian Authorised Representatives/Agents of foreign suppliers. The Authorised Representatives would make available information of latest tecnologies, assist during trails & help in post contractual servicing.

2. The salient features of these instructions are:

(a) All foreign suppliers who wish to appoint Indian Authorised Representatives/Agent would register them with the Ministry of Defence.

(b) The Authorised Representative/Agent could be an individual, a partnership, an association of persons, a limited company Private or Public.

(c) The agent must be an income tax payee.

(d) The foreign supplier appointing an agent must furnish copies detailing Agreement/terms of appointment.

(e) The obligations of an Authorised Representatives/Agent will flow from the contract entered with the Ministry of Defence.

(f) The foreign supplier will have to declare the payments made to the Authorised Representative/Agent.

(g) Particulars relating to agency commission would be reported to the Enforcement Directorate of Central Board of Direct Taxes.

(h) The agent will be appointed with the approval of the Secretary of the Department.

(i) These instructions will be applicable for future contracts only.

3. The new policy has been successful and the Ministry of Defence has been receiving requests from various firms for the guidelines issued by the Government in this regard.

4. This policy is applicable to all the defence deals.

Aircraft carrier deal with Russia

110. SHRI RUMANDLA RAMACHANDRAYYA: Will the Minister of DEFENCE be pleased to state:

(a) whether India and Russia have finalised the deal of aircraft carrier for the Indian Navy;